

Proposed 2009–2011
**Budget & Policy
Highlights**

GOVERNOR CHRIS GREGOIRE

*Protecting Our Values During
Tough Times*

December 2008

Office of the Governor

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2009–11 PROPOSED BUDGET

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“My budget protects our values during these tough times”



Our state is facing significant economic turmoil. The deepening national recession is already the longest in a quarter century and has resulted in severe budget shortfalls in states across the nation. People are losing their jobs — unemployment has risen from 4.6 percent to 6.3 percent over the past year. Our state is not immune and our revenue — largely reliant on a sales tax — is down dramatically, resulting in the largest budget gap in state history.

We took responsible steps to address potential economic challenges. In 2007, I proposed a constitutionally protected “rainy day fund” to help us prepare for future downturns. My proposal was adopted by the Legislature and a vote of the people. We immediately began putting money in this account, which now sits at just under \$430 million. I also left a large surplus in the budget at the conclusion of the 2008 legislative session, which, when combined with the rainy day fund, totaled \$850 million, one of the largest in state history.

But we are in no ordinary recession. No one could have predicted the reckless decisions in credit and financial markets that gave us this severe economic crisis that began on Wall Street and has spread to Main Street. The large surplus and rainy day fund we created have been swamped by the revenue shortfalls from the second half of 2008.

Washington is not alone. Today, 42 other states are looking at shortfalls. When all is said and done, states are likely to face more than \$100 billion in budget shortfalls this fiscal year and into the next budget cycle.

This drastic decrease in revenue has created a tremendous challenge for us in constructing the state budget. Since the November forecast, revenue has been predicted to decline significantly while the cost of providing services such as basic education and medical assistance has risen sharply over the past two years. Increases are also expected in caseloads, or the number of people we need to serve. The result is an approximately \$5.7 billion shortfall for 2009–11, which is a little more than the entire budgets of our higher education institutions and the Department of Corrections combined.



Washington's Revenue Problem
\$2.6 billion lost during 2008

We cannot cut the almost 60 percent of the budget devoted to items we are required to provide, such as basic education, federally mandated Medicaid, pensions and debt service. This forces us to balance the budget through cuts in the remaining 40 percent of the budget.

In writing the budget for 2009–11, we began with one basic premise: Now is not the time to raise taxes on our residents and businesses. These are hard times for us all. Our families are tightening their belts, and that's what government must do. The state must squeeze every ounce of value out of each taxpayer dollar.

A wise man once told me that I needed to love my budget since I was going to be spending so much time on it. There is no way I can love this budget. We have to give up or shrink too much. There is something for everyone to not like in this budget. But I believe we have faced the challenge, made the tough choices and lived within our means. I am glad to discuss these choices with my fellow citizens and the Legislature.

Now is the time for us to work together — Democrats and Republicans, program advocates and citizens, all levels of government. If you don't like a cut in funding, tell me. But then tell me where you would cut funding — in other words, help me to find the solution. This is a difficult challenge for all of us. The budget is a work in progress, and my proposal is the first step in a long process that will continue in the Legislature in the coming months.

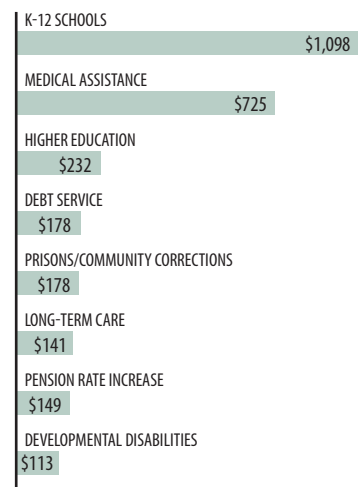
We are up to this challenge. Let us find opportunity in adversity to bring reform that will make us stronger. I am confident we will succeed if we all pledge to come together as a community, neighbor-to-neighbor, and help each other.

Chris

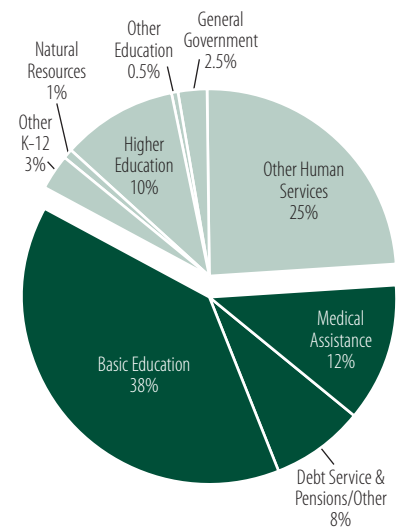
Governor Chris Gregoire

\$3 Billion in Spending Increases from Rising Caseloads and Enrollments

Near General Fund-State, in millions



58% of the Budget is Off Limits



SMARTER BUDGETING: PRIORITIES OF GOVERNMENT

In these tough times, Governor Gregoire used the Priorities of Government process to build her budget. This process is different from budgeting as usual, which adds to or cuts from an existing budget. Priorities of Government was launched in the spring with a government-wide assessment of services with two purposes:

- Establish a clear set of results that citizens expect from state government.
- Reprioritize state spending to focus on services that matter most in achieving those results.

The first step required state agencies to rank their activities among three categories: low, medium or high, when compared to the agency's mission.

The second step involved 10 multi-agency teams that were charged with looking beyond their own agencies' borders for the means to maintain or improve high-priority services despite budget constraints.

To accomplish this, the teams had to:

- View state government as a single, integrated enterprise.
- Achieve results, at lower cost, through innovative budget solutions.
- Reprioritize spending, eliminate programs or consolidate similar programs in different agencies.

In the final step, the teams delivered recommendations that prioritized state agency services. These recommendations were reviewed by a guidance team and then forwarded to Governor Gregoire for her consideration as she shaped this budget.

"The Governor's budget makes some tough choices. Her decision to avoid increasing taxes during a recession is to be applauded. Washington state's competitive position depends on sound tax policy and this is a step in the right direction."

*Bruce Kendall, Chair
Washington Economic Development Commission*

FOCUSING ON SERVICES THAT MATTER MOST

In constructing the budget for 2009–11, Governor Gregoire began with one basic premise: Now is not the time to raise taxes on our residents and businesses. State government must live within its means and construct a budget that emphasizes our most important priorities by protecting families and kids the best we can.

Five primary values represent the top priorities of the budget. These values guided Governor Gregoire's decisions when making tough choices with no new taxes:

1. We must ensure a solid foundation for our future, and that means investing in and protecting our children.
2. We must maintain the safety of our communities.
3. Government must partner with our communities to support and protect our most vulnerable.
4. We must lay the foundation for a strong quality of life and economy for the 21st century.
5. We are one state and it will take all of us working together to get through these tough times.

Woven within each of these values is an emphasis on our children. We must make sure our children are safe in their homes, have high-quality health care and are provided with an education that will equip them with the skills and opportunity they need to succeed in the economy we are building for tomorrow.

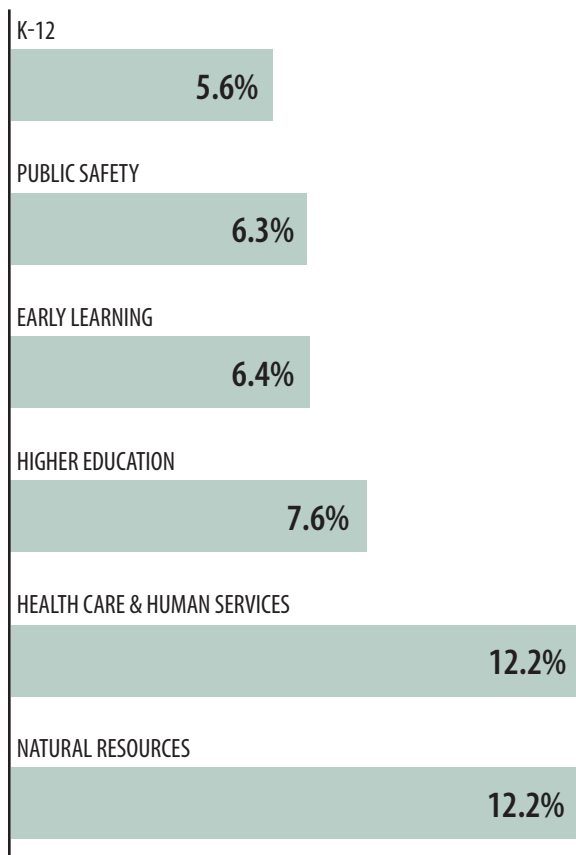
We are still preparing more than 8,200 low-income kids for school through early childhood education because it is the best investment we can make for our children. We are still educating 1 million students in grades K-12 because education is the foundation for their future. We are still providing higher education and job training for 300,000 people, because these services are our economic future. We are still ensuring that more than 650,000 kids receive health care. We are still protecting our communities' safety. We are still helping 74,000 seniors and vulnerable individuals. We are still preserving and protecting our environment, with a particular focus on Puget Sound. These investments keep us true to our primary values and will keep our state moving forward.

CUTS IN EACH BUDGET AREA

The budget cuts needed to close a \$6 billion shortfall require reductions across all of state government. But Governor Gregoire used the values she shares with Washingtonians to guide where the reductions would be the smallest. Though the pain of these reductions will be felt by all, the Governor is committed to minimizing the effects felt by children.

Because education is the foundation for our future, cuts in this area were smaller. Other programs that affect children were also reduced less, including health care and child protective services. Public safety programs also received smaller reductions.

Percentage Cut from Maintenance Level by Area
Proposed 2009–11 Budget and Supplemental Budget



WHY COULDN'T WE GIVE SALARY INCREASES TO STATE WORKERS, TEACHERS AND CARE WORKERS?

Specific laws govern the granting of cost-of-living adjustments or raises to teachers, state employees and care workers.

These hardworking individuals provide immeasurably valuable services to the people of our state. They teach our kids, protect us from dangerous offenders, guard against environmental degradation and provide critical social services to our most vulnerable residents. They are well deserving of adjustments to maintain the value of their salaries.

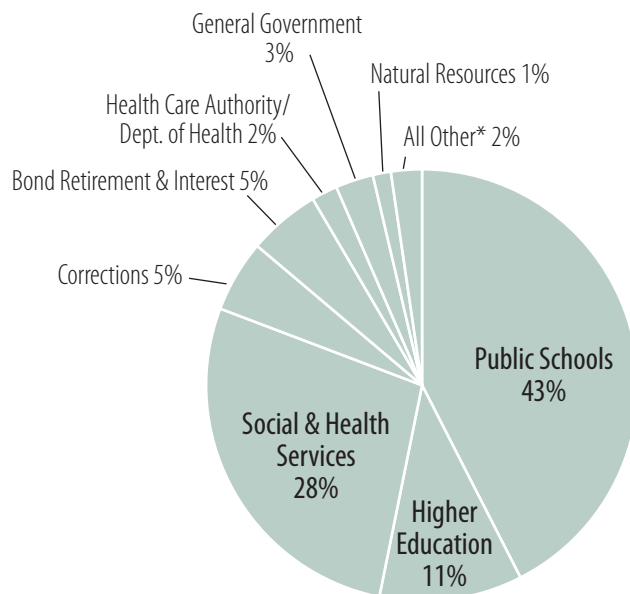
Unfortunately, we had no choice but to put their raises on hold. The cost of these salary increases would be about \$678 million over the next two years. We looked hard at whether we could afford these increases during these difficult times, and saw we could not.

Forgoing the raises allowed us to keep classes smaller in our K-12 schools and protect early learning and teachers' jobs, as well as avoid even deeper cuts to services for our most vulnerable and health care for children and families.

Governor Gregoire has the highest regard for our teachers, state employees and those who serve the most vulnerable. She is hopeful that our economic situation will improve quickly so funding for salary increases becomes available in the state budget.

Proposed Budget Expenditures

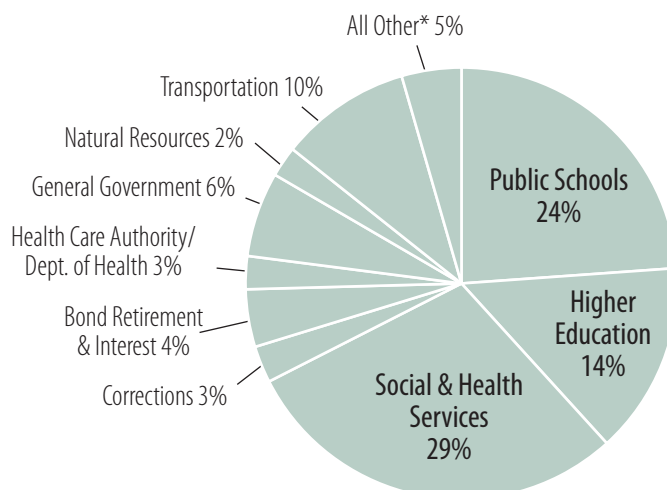
Near General Fund-State: Operating Distribution of 2009–11 Near General Fund-State Expenditures



Category	Dollars in Millions
Public Schools	\$14,232
Higher Education	3,588
Social & Health Services	9,246
Corrections	1,809
Bond Retirement & Interest	1,805
Health Care Authority/Dept. of Health	653
General Government	948
Natural Resources	451
All Other*	777
TOTAL	\$33,509

*All Other includes Other Education, Transportation, Contributions to Retirement, Other Special Appropriations.

All Funds: Operating Plus Transportation Capital Distribution of 2009–11 All Funds Expenditures



Category	Dollars in Millions
Public Schools	\$15,782
Higher Education	9,523
Social & Health Services	19,348
Corrections	1,822
Bond Retirement & Interest	2,850
Health Care Authority/Dept. of Health	1,637
General Government	4,206
Natural Resources	1,515
Transportation	6,507
All Other*	2,957
TOTAL	\$66,147

*All Other includes Other Education, Contributions to Retirement, Other Special Appropriations.

Source: Office of Financial Management

WASHINGTON'S ECONOMIC OUTLOOK

The Present

Washington's economy began to slow in 2008 due to the bursting real estate, financial and commodities bubbles that affected local, national and international economies. However, throughout Governor Gregoire's first term, Washington's economy outperformed that of the nation. Since 2005, Washington has gained almost 214,000 jobs, a growth rate of about 8.1 percent. The state's strong growth was aided by significant expansion in the aerospace industry, very strong growth in the housing sector and an increase in disposable household income from home mortgage refinancing.

Washington has a strong economic foundation. This includes a vital export base; robust, knowledge-based businesses in technological, professional, health and financial sectors; and a high quality of life that continues to attract new residents.

Washington labor markets have weakened at the end of 2008. Fortunately, they have not experienced the longer and more severe retrenchment that has taken place at the national level. Washington's non-farm employment grew at a rate of 2.7 percent in 2007 and 2.1 percent in 2008, more than double the national rate. Personal income grew at a rate of 6.8 percent in 2008. The aerospace industry continued to expand with an employment increase of 8.3 percent in 2008. Employment in all other manufacturing sectors fell by 0.3 percent. Our unemployment rate averaged 4.7 percent in 2008, the lowest since 2000, although the rate rose to 6.3 percent in November 2008.

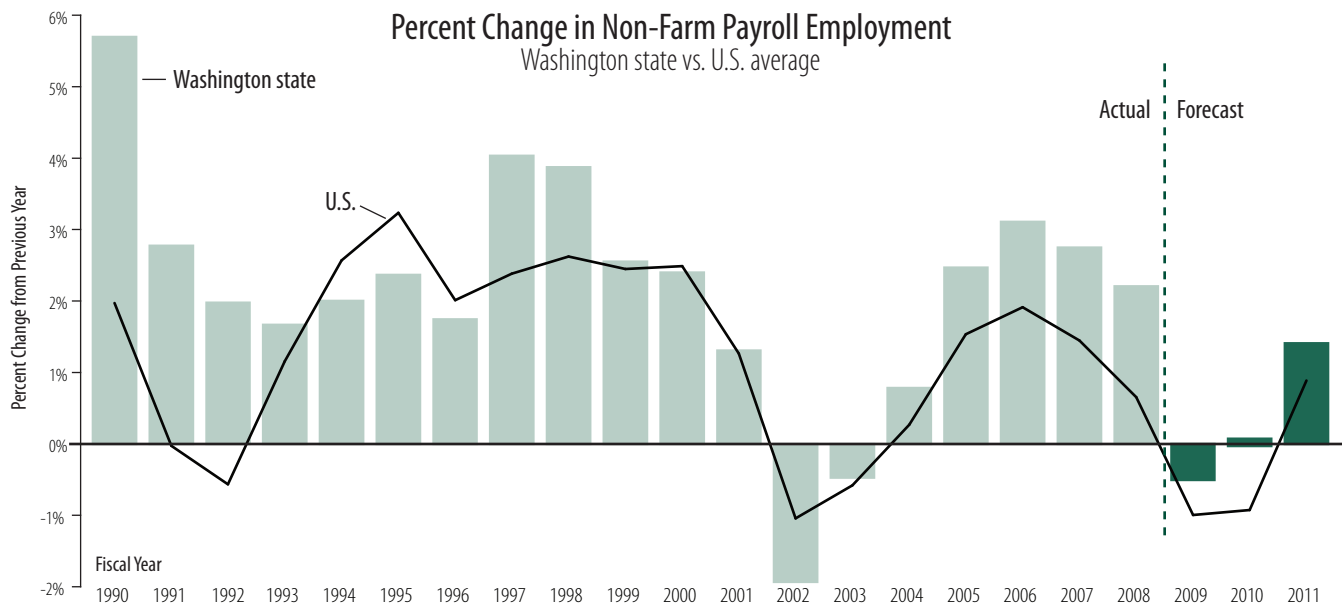
"The credit squeeze has hurt Washington's economy and revenue collections. Relative to the nation, our state's downturn will be modest. However, the effect on state revenues will be far more severe than warranted by the depth or duration of our downturn because this is a consumer-led recession. Consumer spending has to recover for state revenues to recover."

*Dr. Arun Raha, Executive Director
Washington Economic and Revenue Forecast Council*

The Future

Washington's economy is expected to experience some retrenchment during the next two years. Washington's economic forecast for 2009 and 2010 shows the state's economy battling recessionary forces. The November 2008 forecast by the state Economic and Revenue Forecast Council projected that growth in non-farm employment will likely decrease by 0.4 percent in 2009 and remain flat in 2010. These growth rates are similar to the employment change following the 2001 recession. However, they are notably higher than the likely national growth rate for non-farm employment of -1.0 percent in 2009 and -0.9 percent in 2010.

A few Washington industries will continue to experience slow employment growth or decline through the next two fiscal years. These include the financial activities industry, reflecting the shakeout from the credit crisis, the puncture of the housing market bubble and a growing sense of consumer frugality. Construction employment will also be fragile as the residential and commercial markets adjust to excess inventory and credit market restructuring. Construction payrolls will likely decline by 7.1 percent in 2009 and 3.9 percent in 2010.



Source: Office of Financial Management

Proposed 2009–11 Budget: Balance Sheet

Including Proposed 2009 Supplemental Budget
General Fund-State, Dollars in Millions

	2007–09	2009–11
Resources		
Beginning balance	781	183
November revenue forecast	28,627	30,070
Fund transfers/budget-driven revenue	188	731
	29,595	30,984
Consolidation of Health Services, Water Quality, VRDE accounts	1,723	1,503
	31,318	32,487
Expenditures		
2007–09 appropriations/2009–11 maintenance level	29,838	33,307
Governor Proposed 2009 Supplemental		
Caseload/enrollment updates	111	
Costs and services adjustments	89	
Expenditure reductions	(626)	
	29,412	
Additions		418
Backfill of Near GF-S accounts		197
Cuts		(3,343)
		30,579
Consolidation of Health Services, Water Quality, VRDE accounts	1,692	1,500
	31,104	32,079
Balances		
GF-S balance	183	408
Budget Stabilization (Rainy Day) Account balance	432	100
	615	508

Note: Legislation is being proposed that would merge the Health Services, Water Quality, and Violence Reduction and Drug Enforcement accounts into the General Fund, effective July 1, 2009. This revision does not contribute to solving the projected deficit, but will add \$1.5 billion to both the expenditure and revenue amounts for the GF-S. For comparative purposes, the merger of these funds is shown in both biennia.

Proposed 2009-11 Budget: Balance Sheet Detail for Revenues

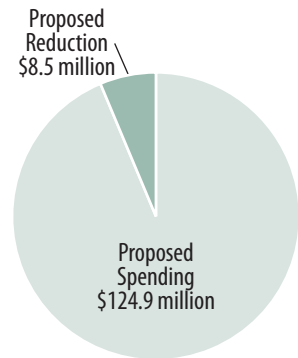
General Fund-State, Dollars in Millions

Fund Transfers	FY 2009	2009-11
2008 enacted fund transfers	147.0	
Statutory fund transfer to the Budget Stabilization (Rainy Day) Account	(124.0)	(268.0)
Treasurers Service Fund	10.0	20.0
Fiscal Year 2008 reversions	60.3	
Eliminate Health Services Account transfer from GF-S	53.0	
Increase in Education Legacy Account transfer	11.0	
Transfer Reading Achievement Account balance	1.7	
Pension Stabilization Account interest transfer	3.0	
Family Leave Account	4.5	
Excess streamlined sales tax set-aside	8.6	
Water Quality Account	4.4	24.2
Retirement Expense Account	6.2	
Public Safety and Education Account	3.0	
Waste, Recycling and Litter Account		4.0
State Toxics Control Account		13.0
Local Toxics Control Account		75.0
Use of bonds to replace lottery cash in the capital budget		204.0
Use of Budget Stabilization Account		609.3
	188.6	681.4
Budget Driven Revenue		
Loss of liquor revenues due to transfer of expenditures	(0.9)	(1.5)
Additional liquor revenues		12.9
Department of Revenue enforcement		38.2
	(0.9)	49.6
	\$187.7	\$731

Education

EARLY LEARNING

Believing in the primacy of early learning opportunities as a means to build a foundation for our children and our state's future, Governor Gregoire established the Department of Early Learning three years ago. This agency leads in the development of education for our youngest citizens and provides support for parents as their children's first and most important teachers. In the intervening years, the state has taken important steps to ready children for success in school and in life. The agency is also improving the safety and quality of early learning and child care programs in the state through more oversight and by strengthening child care licensing rules. This proposed budget continues progress in offering services for our youngest learners and supporting those who provide for their care and education.



Goals

- » Preserve high-quality early learning programs for young children.
- » Maintain safe and healthy environments for children in child care settings.

What We Invest In

Early Childhood Education and Assistance Program

Funding covers 8,226 slots for 3-year-olds and 4-year-olds at an average rate of \$6,674 for high-quality pre-kindergarten programs through the state's Early Childhood Education and Assistance Program.

(\$112.9 million General Fund-State)

Quality Rating and Improvement System

The Department of Early Learning and the private-public partnership Thrive by Five, Washington continue work to pilot a Quality Rating and Improvement System. This system improves the quality of early care and education programs and provides parents with information they need to choose high-quality child care.

(\$1 million GF-S)

Quality improvement specialists

Five quality improvement specialists are funded to help maintain safety and health standards in 7,534 state-licensed early learning homes and centers. The specialists will work with 90 federally funded licensors.

(\$870,000 GF-S)

How We Achieve Savings

Suspension of the Career and Wage Ladder, which creates incentives for child care teachers to advance their education and professional development. *(\$3.0 million GF-S)*

Suspension of funding for the Family, Friends and Neighbors program that provides interactive learning opportunities to young children and their families. *(\$2.0 million GF-S)*

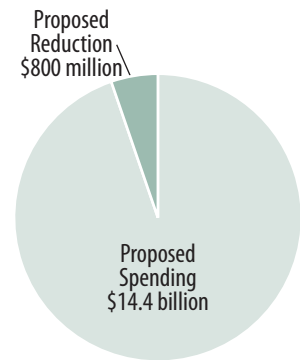
Elimination of state funds for the Child Care Resource and Referral Network. The network will continue to receive \$5.5 million in federal funding to operate local referral hot lines and provide training, and \$700,000 in federal funding for the Washington Scholars Program. *(\$1.7 million GF-S)*

Other reductions including pension changes. *(\$1.8 million GF-S and other funds)*

K-12 EDUCATION

Among all the functions of state government, providing funding for basic education is paramount. Individually and collectively, our more than 1 million students embody the promise of a brighter, more prosperous future for families and communities across the state. Despite declining state revenues, it is imperative that we continue to invest in the education of our children. Economic revitalization truly starts in the classroom.

Under Governor Gregoire's leadership, significant progress has been made in classroom instruction, teacher preparation and learning assistance. Despite areas of reduction or suspension, her proposed budget continues in that direction.



Goals

- » Maintain basic education funding for schools.
- » Prioritize programs that demonstrate links to research-based best practices.
- » Maintain programs focused on improving student achievement and closing the achievement gap.
- » Retain focus on the quality of instruction.
- » Provide state and regional infrastructure to effectively manage the K-12 system.

What We Invest In

K-12 basic education services *(\$12.2 billion General Fund-State), including:*

- Special education services. *(\$1.3 billion GF-S)*
- Pupil transportation. *(\$628.0 million GF-S)*
- Learning Assistance Program. *(\$207.2 million GF-S)*

Several programs outside the K-12 basic education area, including:

- Initiative 728 for class size reductions, early learning, professional development and extended learning opportunities. *(\$732.9 million Student Achievement Fund)*
- Levy equalization. *(\$360.8 million GF-S)*
- K-4 class size enhancements. *(\$260.0 million GF-S)*
- All-day kindergarten for lowest income schools. *(\$81.0 million Education Legacy Trust Account)*
- Professional development days targeted at implementing new math and science standards. *(\$69.9 million GF-S)*

In addition, a number of targeted grant and technical assistance programs will continue through the 2009–11 biennium, including those that:

- Improve student achievement and close the achievement gap, which includes the focused assistance program for schools with large percentages of struggling students, as well as diagnostic assessments. *(\$20.4 million GF-S, \$4.4 million Education Legacy Trust Account)*
- Support the quality of instruction, including alternative routes to teacher certification, National Board bonuses and the Leadership Academy. *(\$66.6 million GF-S, \$2.1 million Education Legacy Trust Account)*
- Support the foundational math and science effort, including school district math and science coaches, Educational Service District math and science experts, math and science standards and curriculum development, after-school math assistance and the LASER science program. *(\$10.2 million GF-S, \$7.3 million Education Legacy Trust Account)*
- Support student health and safety through school breakfast and lunch programs, nurse corps and training for school safety personnel. *(\$13.2 million GF-S)*
- Provide school district financial technical assistance. The Office of the Superintendent of Public Instruction predicts that more school districts with declining fund balances could become subject to state oversight. A group of experts is created through the Educational Service Districts to help school districts with financial planning and monitoring. The OSPI will coordinate this technical assistance. *(\$3.0 million GF-S)*

Services at School for the Deaf and School for the Blind

Specialized instruction is provided for approximately 200 students at the School for the Deaf and School for the Blind. *(\$30.9 million GF-S)*

How We Achieve Savings

Elimination of lower-priority programs, including multi-year pilot programs and specialized programs that do not have wide impacts across the state, such as the civics curriculum pilot project, LEAP bilingual pilot, accountability institutes, math helping corps and reading corps. *(\$22.5 million GF-S)*

Suspension of 21 percent of Initiative 728 funds. *(\$178.0 million Student Achievement Fund)*

Reduction in levy equalization, which provides a state match to local school districts with higher-than-average tax rates to raise a local levy (those districts are more “property poor” than average). For calendar years 2010 and 2011, allocations for levy equalization are reduced by 33 percent. This timing allows school districts to phase in the reductions over two school years. *(\$125.4 million GF-S)*

Refocus two state-funded professional development days on implementing new math and science standards. Separate grant funding for math and science professional development is eliminated. *(\$39.7 million Education Legacy Trust Account)*

Suspension of Initiative 732 funds for teacher and other K-12 employee salary increases. *(\$349.2 million GF-S)*

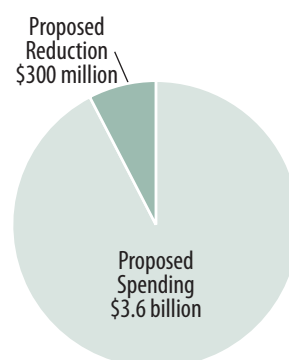
Elimination, reduction or suspension of grant programs that provide support services such as readiness to learn, building bridges grants, after-school grants and school safety plan grants. *(\$48.3 million GF-S)*

Other reductions including pension changes. *(\$36.9 million GF-S and other funds)*

HIGHER EDUCATION

Washington's public colleges and universities are the economic engine that drives the state's economy and will drive our recovery. Students with college degrees earn more over their lifetimes, report working in more fulfilling jobs and contribute stability to their communities.

Employers look for trained and skilled workers. Our higher education institutions fill this need by graduating students ready to join the work force and contribute to society. Yet even with 100,000 students in the four-year college system and 200,000 in the community and technical college system, demand for enrollments continues to top state funding. Governor Gregoire's proposed budget reduces state support for public colleges and universities, but maintains current enrollment levels. Tuition increases are consistent with established state policies that place limits on annual tuition growth. Student financial aid will increase to help keep tuition affordable for needy students.



Goals

- » Preserve access to higher education by maintaining enrollment levels.
- » Maintain affordability for lower-income students by increasing financial aid grants to reflect higher tuition rates.
- » Acknowledge the diverse missions of the two-year and four-year institutions.
- » Maintain flexibility for state colleges and universities while establishing targets in vital areas such as high-demand fields.

What We Invest In

Overall funding for two research universities and four regional universities and college

More than 100,000 students seeking a baccalaureate, graduate or professional degree are served at the state's public college and universities. (\$1.5 billion General Fund-State, \$143.0 million Education Legacy Trust Account)

Overall funding for the community and technical college system

More than 200,000 students are served in this system, many of whom enroll to upgrade their jobs skills or quickly retool for a new career. (\$1.4 billion GF-S, \$95.1 million Education Legacy Trust Account)

Student financial aid

Student financial aid programs, including the State Need Grant program, will increase to match higher tuition rates. The overall growth of financial aid programs is modified by making incremental changes to eligibility and grant amounts for students from families with higher incomes. (\$376.6 million GF-S, \$79.8 million Education Legacy Trust Account)

What We Authorize

The governing boards of the state college and universities are authorized to raise tuition for resident undergraduate students consistent with tuition caps established in state policy. A lower cap is applied to tuition at the community and technical colleges. On average, tuition can increase by about \$450 per year at the research institutions, \$310 per year at the regional college and universities, and \$125 per year at the community and technical colleges. (\$162.6 million local funds)

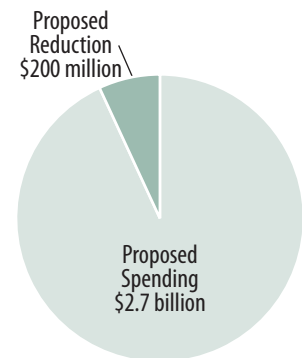
How We Achieve Savings

Reductions, across the board, of 13 percent for the research and regional institutions and 6 percent for the community and technical colleges. Higher education institutions are given the flexibility to determine how best to implement this reduction. Effects on campus could include fewer course offerings, larger class sizes, reductions in faculty positions and fewer support services for students. Each institution must report on a number of specific outcome measures important to state policy goals, such as graduating/educating students in fields crucial to work force development, math and science, and skills training. The lower rate of reduction for the community and technical colleges is in recognition of their unique mission in job training and skills development essential to the state's economic recovery. *(\$341.9 million GF-S)*

Suspension of Initiative 732 funds for faculty and staff in the community and technical colleges. *(\$33.8 million GF-S)*

Public Safety

The protection of persons and property is one of the core missions of state government. A multi-pronged approach is used to maintain public safety: prevention, preparedness and response. Governor Gregoire's administration has made a priority of keeping Washingtonians safe by holding felons accountable for their actions, working to reduce repeat criminal activity and helping former offenders to become law-abiding members of society. She has also presided over the largest expansion of the state correctional system to house offenders and worked with the law enforcement community to enact protections against sex offenders.



Goals

- » Incarcerate and rehabilitate adult and juvenile offenders.
- » Respond to and prevent crime and vehicle collisions.
- » Provide disaster preparedness and response.
- » Increase traffic safety.

What We Invest In

Holding felons accountable

Communities are kept safer by holding felons accountable for their actions. The Department of Corrections incarcerates more than 18,000 inmates in 15 major institutions located across the state.

(\$1.3 billion General Fund-State, \$7.8 million other fund sources)

Community Supervision

Community supervision and work-release programs help ensure a successful reentry into communities for offenders upon their release from incarceration. The Department of Corrections provides supervision and treatment to 13,000 highest-risk offenders, as well as nearly 700 work release opportunities to help offenders find jobs and build skills so they can become productive members of their communities.

(\$241.7 million GF-S, \$24.3 million other fund sources)

Civil commitment of sexually violent predators

The Office of the Attorney General is responsible for investigating, filing and prosecuting all sexually violent predator cases in 38 of the state's 39 counties. *(\$5.8 million Legal Services Revolving Account)*

Offender reentry

Evidence-based programs now in place at the Department of Corrections are improving outcomes for offenders and reducing recidivism rates. Program goals are validated by the fact that both the state violent crime rate and the property crime rate are at their lowest point in the past 15 years. *(\$61.9 million GF-S)*

Assistance for victims of crime

Medical, legal and financial assistance are available to victims of crime who have suffered physical or mental trauma. *(\$61.4 million other fund sources)*

Training for local law enforcement officers

Training for 1,700 new law enforcement officers is provided through the Basic Law Enforcement Academy. Topics include criminal law, criminal procedures, patrol procedures, crisis management, communications, community policing, ethics, defensive tactics, traffic and firearms.

(\$16.3 million Public Safety and Education Account, \$460,000 Municipal Criminal Justice Assistance Account)

State Crime Laboratory

The Washington State Patrol operates crime laboratories in Seattle, Tacoma, Marysville, Spokane, Kelso, Kennewick and Tumwater. The laboratories provide forensic services for criminal justice agencies in the state.

(\$22.2 million GF-S, \$7.0 million Violence Reduction and Drug Enforcement Account, \$4.7 million State Patrol Highway Account, \$11.6 million other fund sources)

Criminal records management

The Washington State Patrol maintains databases of interest to law enforcement officers and criminal justice agencies throughout the state. Databases include fingerprint-based criminal history record information, sex/kidnapping offender registration and missing persons data.

(\$13.4 million GF-S, \$6.9 million Fingerprint Identification Account, \$3.0 million State Patrol Highway Account, \$100,000 other fund sources)

Investigative assistance for criminal enforcement

This Washington State Patrol division provides investigative coordination, support and training for law enforcement agencies throughout the state. Services provided include SWAT (Special Weapons and Tactics team) responses to tactical incidents and clandestine drug labs, recovery of evidence that may exist on various media, and training on gang enforcement and trends.

(\$10.8 million GF-S, \$9.2 million GF-F, \$3.2 million State Patrol Highway Account, \$2.5 million other fund sources)

Highway traffic enforcement

Roadways are made safer through the enforcement of traffic laws, investigation of collisions and assistance to motorists in need. Enforcement emphasis on drinking drivers, aggressive driving, speeding motorists and people not wearing seat belts is maintained. Emphasis already is paying dividends: The overall trend for vehicle fatalities is declining, with the 2007 vehicle fatality rate the lowest the state has ever recorded.

(\$225.1 million State Patrol Highway Account-State, \$11.0 million GF-S, \$2.9 million other fund sources)

Enhanced 911

The Military Department manages the Enhanced 911 program with a number of community partners and others to ensure that state residents have access to emergency assistance. More than 90 percent of the Enhanced 911 funds are “passed through” or provide direct support to local jurisdictions.

(\$39.4 million Enhanced 911 Account)

Disaster preparedness and response

The Military Department’s Emergency Management Division administers Homeland Security grant funds and disaster relief funds after a federal declaration of a major disaster or emergency, and coordinates the state’s efforts to recover from disasters. Nearly 90 percent of the funding is passed through to individuals and local jurisdictions.

(\$6.3 million GF-S, \$103 million GF-F, \$72.5 million Disaster Response and Nisqually Earthquake accounts)

Flood control infrastructure

Bond authorization has been secured for the state's portion of the Chehalis-Centralia Flood Control Project. The project is a partnership among local governments, the state of Washington and the federal government. (*\$50 million capital*)

Prevent, prepare for and fight wildfires

Education and assistance make it more likely that homeowners will build defensible space around at-risk homes. This space helps prevent fires and makes them less damaging. Training prepares crews to attack fires when small to keep them from becoming threats to public safety and land resources. (*\$37.6 million GF-S, \$42.9 million other fund sources*)

Enforcement of consumer protection laws

The Office of the Attorney General enforces state laws, recommends changes in state law and provides education to protect consumers and legitimate businesses from unfair or deceptive trade practices. (*\$7.9 million GF-S, \$2 million other fund sources*)

How We Achieve Savings

Elimination of supervision for misdemeanants and low-risk felony offenders. Supervision of these offenders has not been proven effective in reducing recidivism. Supervision in the community custody program in the Department of Corrections will be intensified for the remaining offenders. This item includes:

- Elimination of supervision for misdemeanants. (*\$31.7 million GF-S*)
- Discontinuation of community supervision for low-risk offenders, except for sex offenders and violent offenders. (*\$9.9 million GF-S*)
- Setting of community custody sentence lengths at 12 months. (*\$27.2 million GF-S*)

Closure of the Naselle Youth Camp. The Juvenile Rehabilitation Administration now has the residential capacity to house 835 youth. The November 2008 residential caseload forecast projects a drop in population, lowering the number of beds needed to 658 by Fiscal Year 2011. (*\$12.9 million GF-S*)

Reduction of funding to expand evidence-based programs. Evidence-based programs, such as family functional therapy and aggression replacement therapy, have not been fully put into place in the Juvenile Rehabilitation Administration and the courts. (*\$8.7 million GF-S, \$1.4 million Reinvesting in Youth Account-State*)

Reduction of chemical dependency treatment funding for adult outpatient and residential services. This will eliminate addiction treatment to 13,000 low-income patients and reduce detoxification services for 2,700 low-income patients. (*\$11.4 million GF-S*)

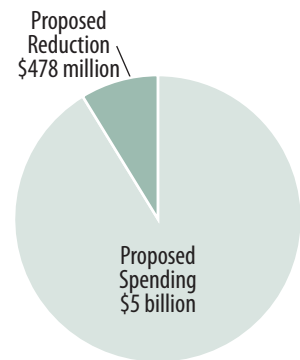
Authorization of early release for elderly and ill offenders. We will allow early release for elderly and ill adult offenders who are chronically or terminally ill and 55 years or older. Offenders serving time on a violent or sex offense charge are excluded. (*\$1.5 million GF-S*)

Deportation of non-citizen offenders with property or drug offenses to their country of origin. (*\$9.1 million GF-S*)

Other reductions including pension changes. (*\$87.6 million GF-S and other funds*)

Human Services

As a society, we recognize the importance of taking care of the most vulnerable among us. Whether it's children whose families are unable or unwilling to take care of them, or severely disabled adults, Washington citizens endeavor to help with food, shelter and physical safety resources. Governor Gregoire's proposed budget serves Washington's children and most vulnerable citizens with essential services as it achieves administrative efficiencies and promotes greater self-sufficiency.



Goals

- » Protect vulnerable populations.
- » Preserve access to essential services.
- » Maintain safety.
- » Maintain core state services.
- » Promote cost effectiveness.
- » Promote self-sufficiency.
- » Maintain evidence-based programs.
- » Maintain some prevention activities.

What We Invest In

Child welfare services

Protecting children is primarily the responsibility of families. The state intervenes to protect children only when families are unable to. When children must be removed due to abuse or neglect, they are provided with foster care. We provide services that build on family strengths to prevent out-of-home placements and reunify families when placement occurs. Services include counseling, assessments and child care.

(\$352.2 million General Fund-State, \$179 million GF-F)

Adoption support services

Placing children in permanent homes is a top priority. More than 11,000 families with adopted children receive a cash payment to cover their needs. Adopted children may also receive evaluation and counseling services, and families may access child care and respite services. *(\$90.0 million GF-S, \$82.0 million GF-F)*

Adolescent services

Adolescents who run away from home or are in conflict with their parents have safe alternatives from the streets. Services include short-term stays in crisis residential centers where counseling with a family reunification emphasis is provided. Youth may access the responsible living skills program for safe housing and services to successfully transition to independent living. *(\$16.8 million GF-S, \$18.2 million GF-F)*

In-home services for the elderly and people with developmental disabilities

Washington is a leader in long-term care services that allow 30,000 individuals to remain independent by providing care in their homes rather than in an institutional setting. More than 12,000 individuals with developmental disabilities receive Medicaid personal care services to assist with activities of daily living such as bathing, dressing and eating. (*\$955.0 million GF-S, \$979.2 million GF-F*)

Residential services for the elderly or physically disabled

Nursing homes serve 10,800 Medicaid clients. Adult family homes and boarding homes offer an alternative for the 10,500 elderly or other individuals with disabilities who cannot remain in their own homes but do not need nursing home care. (*\$503.7 million GF-S, \$685.7 million GF-F*)

Residential services for people with developmental disabilities

Residential habilitation centers provide services for 1,000 clients with developmental disabilities. Supported living, boarding homes, adult family homes and state-operated residences provide an alternative for the 5,400 clients no longer able to remain in their own homes and who choose to live in the community. (*\$486.6 million GF-S, \$550.4 million GF-F*)

Place additional individuals with developmental disabilities on the Medicaid waiver. The 2,500 clients with developmental disabilities who receive employment and day services paid solely with state funds are transitioned to the Medicaid waiver if they are Medicaid eligible. This makes them eligible for more services, but federal funding reduces costs to the state. (*\$12.8 million GF-S, \$14.8 million GF-F*)

Employment and day services for individuals with developmental disabilities

About 9,400 adults receive assistance to find and maintain employment. (*\$85.3 million GF-S, \$63.2 million GF-F*)

In-patient and out-patient mental health services

The state provides crisis intervention and inpatient treatment services to individuals in acute mental health distress who are gravely disabled, or a danger to themselves or others. The state also funds intensive, community-based outpatient treatment services to Medicaid-eligible individuals with significant disabilities through partnerships with Regional Support Networks. (*\$881.0 million GF-S, \$664.0 million GF-F*)

Child support collections for TANF

Child support is collected for more than 380,000 families each month. Mirroring changes in federal law, families receiving Temporary Assistance for Needy Families (TANF) cash assistance may now keep a portion of the child support funds collected by the state. Child support collected for families not on TANF go directly to the family. (*\$27.3 million GF-S*)

WorkFirst grant and services

Temporary Assistance to Needy Families (TANF) grants are provided to more than 53,000 families through the WorkFirst program. Parents participate in activities that help them prepare for work and achieve self-sufficiency. Post-TANF career services help families maintain employment. (*\$464.0 million GF-S, \$828.0 million GF-F*)

Food programs

More than 642,000 clients now receive food stamps. Recently expanded eligibility for the state's Basic Food Program is maintained for households with incomes below 200 percent of the federal poverty level. Funding for the state's food bank programs also is maintained. An additional \$5 million will expand the Emergency Food Assistance Program, which provides funding and food for distribution to local food banks and meal providers. *(\$76.6 million GF-S, \$50.5 million GF-F)*

Initiative 1029 background checks and training

Although the higher training requirement of Initiative 1029 is suspended for two years, its most important feature — new federal background checks for home care workers — is being implemented. Computer system preparation work is included to prepare for the training and certification requirements that will take effect in the 2011–13 biennium. *(\$1.2 million GF-S, \$1.2 million GF-F)*

How We Achieve Savings

Discontinuation of the Adult Day Health program. This primarily Medicaid-funded program serves about 1,900 elderly and adults with developmental disabilities. As of June 30, 2009, the federal government will no longer provide matching funds. *(\$20.3 million GF-S, \$20.3 million GF-F)*

Elimination of funding for child welfare pilots to provide additional training for foster parents caring for high-needs children. *(\$2.6 million GF-S)*

Elimination of secure crisis residential centers. High-cost placements are eliminated and lower-cost residential services for adolescents in conflict are retained. These services include Hope beds, semi-secure crisis residential services and responsible living skills placements. *(\$9.4 million GF-S)*

Reduction of nursing home reimbursement rates. Medicaid nursing home rates are adjusted every two years. As of July 1, 2009, the average rate is projected to increase 2.5 percent. From that point, rates are reduced 7.5 percent, so the net reduction will be 5 percent. *(\$46.2 million GF-S, \$42.6 million GF-F)*

Consolidation of residential habilitation centers. Yakima Valley School is closed. The 98 residents will be transferred to community residential settings, private nursing homes or another institution. *(\$1.0 million GF-S, \$600,000 GF-F)*

Reduction of funding for mental health services through local Regional Support Networks. The non-Medicaid rate is by reduced by 7.4 percent and the Medicaid rate by 3.2 percent. *(\$30.5 million GF-S)*

Elimination of grants to individuals in the General Assistance-Unemployable program. Monthly grants are no longer provided to approximately 21,000 individuals in the GA-U program and 6,500 clients in the Alcoholism and Drug Addiction Treatment and Support Act program. Effects of this action will be partially offset by \$20 million provided for additional emergency housing and \$40 million to community clinics. *(\$160.6 million GF-S)*

Increase of accountability in the WorkFirst program. Reductions in Temporary Assistance to Needy Families (TANF) caseloads are expected by streamlining the sanction process and by helping parents move to work more quickly. *(\$30.4 million GF-S)*

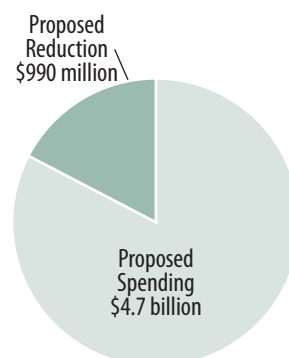
Other reductions including pension changes. *(\$177.0 million GF-S and other funds)*

Health Care

Affordable health care is integral to keeping our families secure, businesses competitive and our state strong. Governor Gregoire's first term was marked with progress in making high-quality health care available to more Washington children and families. Other advances were made in prescription drug savings, better patient safety and more stringent licensing oversight. The Governor's budget continues her commitment to protecting the public's health by providing the most essential services to those most in need.

Goals

- » Improve the public's health.
- » Minimize future health care costs through prevention and appropriate treatment.
- » Improve the quality of the health care system.
- » Improve or maintain access to health care.



What We Invest In

Health care for Washingtonians

We continue to provide access to health care for low-income Washington residents. The Medicaid program uses state and federal funds to provide more than 300,000 adults with services that include dental, vision and hearing benefits. *(\$2.0 billion General Fund-State)*

Apple Health for Kids

More than 600,000 children are enrolled in the Apple Health for Kids program. This program will offer subsidized coverage to all children whose family incomes are less than 250 percent of the federal poverty level, with those more than 200 percent continuing to pay a portion of the premium. *(\$1.5 billion GF-S)*

Basic Health Plan

Other state residents will be served through state-only programs such as the Basic Health Plan. *(\$341.0 million GF-S)*

Safety net

Community clinics, which offer primary care and emergency services for all members of the community, are infused with additional funds to offset reductions in the General Assistance-Unemployable program and the Basic Health Plan. *(\$40.0 million GF-S)*

Public health

Preventing and reducing communicable diseases keep Washingtonians healthier. Funding crucial to local public health is maintained at existing levels. *(\$68.0 million GF-S)*

Health care system investments

These programs support our health care delivery system in these areas:

- Inpatient and outpatient hospital services. (*\$2.0 billion all fund sources*)
- Prescription drugs and vaccines. (*\$920 million all fund sources*)
- Services through health clinics. (*\$644 million all fund sources*)
- Managed care premiums. (*\$2.9 million all fund sources*)
- Health care professionals. (*\$1.1 million all fund sources*)

How We Achieve Savings

Reduction of funding for the Basic Health Plan by 42 percent. The Health Care Authority will reduce enrollment in the Basic Health Plan. It will also restructure the program to allow coverage for as many people as possible. (*\$252.0 million GF-S*)

Apple Health for Kids. Funding to provide subsidized health care coverage to children whose family incomes are between 250 percent and 300 percent of the federal poverty level will be suspended. (*\$6.1 million GF-S, \$7.9 million GF-F*)

Elimination of medical coverage for the General Assistance-Unemployable program. Medical coverage continues for the aged, blind and disabled, and those clients who meet the criteria for Social Security disability. (*\$251.3 million GF-S*)

Reduction of rates paid to managed care companies. The 1 percent reduction to managed care rates starting January 2009 will continue through the biennium. Funds set aside for 2.5 percent growth in premiums will be suspended, for a total reduction of \$86.9 million. (*\$37.7 million GF-S, \$49.2 million GF-F*)

Modification of hospital rates. Rates paid to hospitals, excluding psychiatric hospitals, are reduced by 4 percent for inpatient and outpatient services. (*\$46.9 million GF-S, \$53.9 million GF-F*)

Elimination of the universal vaccine program. The state will no longer purchase vaccines for children not covered by Medicaid. (*\$49.6 million GF-S*)

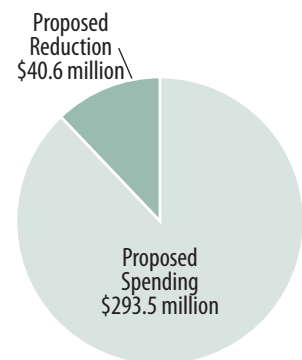
Implementation of pharmacy purchasing initiatives. Savings derive from increasing the use of generic drugs in state health programs by 20 percent. Additional savings accrue from consolidating drug purchasing and reducing coverage for some drugs. (*\$108.6 million GF-S, \$280.8 million GF-F*)

Other reductions including pension changes. (*\$237.8 million GF-S and other funds*)

Natural Resources

Washington state's natural resources are among the most precious gifts we leave to our children. The diversity of our natural resources is unique. Our mountains, forests, deserts, rivers, coastal waters, farms and prairies — and the species they support — are irreplaceable assets for all to enjoy.

Governor Gregoire has launched initiatives to protect and preserve the health of our natural resources. With the creation of the Puget Sound Partnership, development of a biofuels industry, reduction of greenhouse gas emissions and emphasis given to the creation of green jobs, the Governor has set the state on a path that will ensure a healthier resource base for all Washingtonians to cherish now and into the future. The primary aims of her proposed budget are water quality protection, habitat restoration and climate change mitigation.



Goals

- » Preserve, maintain and restore the state's natural systems and landscapes.
- » Establish safeguards and standards to prevent harm to the state's natural resources.
- » Improve the state's air, water, land, habitat and population of fish and wildlife.
- » Achieve sustainable use of public resources.
- » Provide access to cultural and recreational opportunities.

What We Invest In

Puget Sound

The Puget Sound Action Agenda outlines strategies needed to recover the Sound. The Governor's proposed budget funds key activities in the Action Agenda's four priority areas: protect functioning ecosystems, restore habitat, prevent contamination, and align state, federal, local and tribal agency actions. *(\$284.7 million total fund sources: \$16.6 million operating, \$268.1 million capital)*. Portions of the first three items below are part of the Puget Sound Partnership funding package:

Hatchery production

Fishing opportunities are managed differently to protect wild salmon and maintain fish production at 81 hatcheries, based on recommendations of the Hatchery Scientific Review Group. Capital funding is also provided to the Fish and Wildlife Commission for hatchery modifications to improve wild fish passage and water quality. *(\$17.0 million General Fund-State, \$28.3 million other fund sources, \$13.9 million capital)*

Water quality protection

The quality of Washington's waters is protected and preserved through regulation of single-point and diffuse-source water pollution and storm water. Other funded strategies at the Department of Ecology and Washington State Conservation Commission include providing technical and financial assistance to local governments and private landowners; protecting wetlands, watersheds, coastal areas and shorelines; and developing water quality cleanup plans.

(\$27.2 million GF-S, \$58.9 million other fund sources, \$159 million capital)

Toxics prevention and cleanup

The state protects human health and the environment through prevention, management and cleanup of toxins. These efforts by the Department of Ecology include cleaning up legacy toxic waste sites, managing radioactive waste at the Hanford Nuclear Reservation, and preventing and responding to oil spills. *(\$92,000 GF-S, \$135.6 million other fund sources, \$62.2 million capital)*

Climate change commitment

Washington is leading the nation in creating 21st century green-collar jobs. We invest in energy efficiency and renewable energy and harness the market to limit carbon emissions. We also provide transportation choices to reduce dependence on foreign oil. With these investments, Washington is laying the foundation to reduce our emissions, create jobs and thrive in a low-carbon economy. *(\$1.6 million GF-S, \$1.7 million other fund sources, \$11.5 million transportation, \$10.0 million capital)*

Air quality protection

Emission regulation, planning and technical assistance by the Department of Ecology will protect air quality. *(\$18.7 million GF-S, \$12.4 million other fund sources, \$1.0 million capital)*

Water rights management

Funding is provided to the Department of Ecology to manage water resources through allocating water rights (though at a lower funding level during 2009–11), setting stream flows and supporting local governments as they manage water quantity issues. *(\$34.9 million GF-S, \$6.6 million other fund sources, \$14.6 million capital)*

Safe food supply and growing environment

The Department of Agriculture inspects and monitors food processing and storage facilities to protect human health against threats such as mad cow disease and crop diseases. Certifying the quality of Washington's produce promotes access to markets around the world. *(\$17.9 million GF-S, \$59.2 million other fund sources)*

Public recreation opportunities

State park operations are funded at the Parks and Recreation Commission. *(\$92.5 million GF-S, \$64.6 million Parks Renewal and Stewardship Account, \$6.7 million capital)*

How We Achieve Savings

Closure of state fish hatcheries that are inefficient, redundant with nearby hatcheries or inconsistent with scientific recommendations. *(\$6.6 million GF-S, \$1.7 million other fund sources)*

Closure of 13 state parks that no longer fit the mission of the Parks system and one environmental learning center in poor condition. Closure of other state parks during off-peak winter months. *(\$5.2 million GF-S)*

Reduction of local watershed management technical and financial assistance. *(\$2.3 million GF-S, \$2.9 million other fund sources)*

Elimination of funding for geologic hazard studies on slope stability, tsunami evacuation routes and other hazards. *(\$2.4 million GF-S)*

Reduction in funding for water resource management, including processing of water rights permits. *(\$2.2 million GF-S)*

Other reductions including pension changes. *(\$21.9 million GF-S and other funds)*

Government Efficiency

Citizens have high expectations of their state government to be as responsive and effective as it is lean. Tough economic times demand that state agencies look carefully for every opportunity to improve services while they reduce costs. Governor Gregoire is taking advantage of the current economic downturn to critically examine every part of state government to ensure that essential services are delivered as efficiently as possible. The Governor will announce her initiatives to reform government in January 2009.

Goals

- » Coordinate government efforts to improve the effectiveness of economic investments.
- » Return unemployed, underemployed or injured workers to work.
- » Regulate the economy to ensure fairness, security and efficiency.
- » Provide a capable work force to execute government functions.
- » Provide tools and resources to execute government functions.
- » Provide data, information and analysis to support decision making and government accountability.
- » Safeguard and manage public funds.

What We Invest In

Administration of elections

The Secretary of State has used \$68 million in grant funding from the federal Help America Vote Act of 2002 to develop a voter registration database, update voting processes and procedures, and increase voting accessibility, in addition to other activities. To ensure continued transparency and accessibility in the voting process, the state invests in the operation and maintenance of these systems. *(\$1.3 million General Fund-State)*

Performance audits

The Office of the State Auditor conducts independent performance audits of agencies in the executive, judicial and legislative branches of government. These audits can identify opportunities for improvement, efficiencies and savings throughout the state. Authority was granted pursuant to voter approval of Initiative 900 in the 2005 election. *(\$27.4 million Performance Audits of Government Account-Non-appropriated)*

Audits of state and local governments

The Office of the State Auditor audits the financial statements of 168 state agencies, boards and commissions using a risk-based approach to focus on public resources at highest risk of loss or misappropriation. It also independently audits nearly 2,400 local governments at least every three years, with the exception of self-insurance plans, which are audited on a two-year cycle. Bond rating agencies rely on state government audits in performing their assessments. *(\$12.7 million Auditing Services Revolving Account, \$39.6 million Municipal Revolving Account-Non-appropriated)*

Motor pool

The state motor pool manages and maintains 1,380 vehicles assigned to agencies on a permanent basis for staff use as well as a vehicle trip fleet for short-term rental. Washington boasts the highest number of hybrid vehicles of any state fleet in the country. The state provides fleet services at 38 percent below market rate. *(\$32 million General Administration Services Account-Non-appropriated)*

Liquor Control Board

The Liquor Control Board provides for the controlled distribution of alcohol products sought by qualified customers through state-owned liquor stores or by contracted stores in less populated areas. Liquor and tobacco agents enforce state tax laws and applicable federal statutes related to cigarettes and other tobacco products. Ten new stores will be opened in the 2009–11 biennium. *(\$241.1 million other fund sources)*

How We Achieve Savings

Closure of the Visitor Center by the Department of General Administration and reduction of several GA services, including those related to real estate and management of public and historic facilities. *(\$1.7 million General Administration Services Account)*

Elimination of non-electronic publications, withdrawal from the multi-state tax audit program and discontinuation of the use of 1-800 numbers, all in the Department of Revenue. *(\$1.1 million GF-S)*

Reduction of state pass-through funding for Washington Information Network 211, a private non-profit organization that provides social service referral services. *(\$1.0 million GF-S)*

Suspension of state grants to Washington public broadcasters through the Department of Community, Trade and Economic Development. *(\$3.3 million GF-S)*

Elimination of funds to the Department of Community, Trade and Economic Development for Dispute Resolution Centers. *(\$1.9 million GF-S)*

Reduction of Growth Management Act funding for technical assistance to local governments through the Department of Community, Trade and Economic Development. Grant funding is maintained at current levels. *(\$1.2 million GF-S)*

Elimination of funding to train National Guard members as firefighters as these individuals have been deployed overseas. *(\$188,000 GF-S)*

WALKING THE TALK: GOVERNMENT ACCOUNTABILITY

During the past three years, Governor Gregoire has met on a regular basis with state agency leadership to ensure that taxpayer dollars are spent wisely. Agency directors explain the results of their spending in sessions of the Government Management Accountability and Performance (GMAP) program. The Governor and key staff work directly with individual cabinet members to identify problems, establish goals and measure results using hard data.

In the Gregoire administration, it hasn't been enough to talk the talk — state agencies must walk the talk. With ever-tighter budgets, GMAP holds agencies accountable for their spending and promotes process improvements and efficiencies that create better results. Some of the improvements generated by GMAP include:

- Saving more than \$85 million since 2005 through the purchase of generic prescription drugs for state-sponsored health care programs.
- Improving the state's response in child abuse cases and substantially reducing re-abuse. Social workers respond within 24 hours to reports of suspected abuse 95 percent of the time — up from 65 percent in 2004. As a result, repeat abuse cases have declined by more than 30 percent.
- Reducing the rate of traffic fatalities. Our state highways are safer than they've ever been, despite more drivers on the roads. In 2007, fatalities per vehicle mile traveled reached an all-time low of 1 per 100 million.

Transportation

Keeping Washington's travelers safe, and moving people and freight forward, continue to be Governor Gregoire's top transportation priorities. Washington's transportation system of roads, highways, rail, bridges and ferries offers unique challenges. Yet the benefits are remarkable: Washington's freight systems support 1 million jobs in freight-dependent industry sectors that produce more than \$434 billion in gross business income across the country.

In Washington, the Governor wants to capitalize on the potential to boost our economy with shovel-ready projects that keep people and goods moving safely and efficiently. We will put paychecks in the pockets of Washington's working families and make critical investments in the state's transportation infrastructure. The Governor will launch her economic stimulus package in January 2009 with a number of ready-to-go transportation projects.

The ferry system is not sustainable in its current form. A long-range plan will address the future of the ferry system while cutting runs now to help keep it functioning in the short term.

Due to increasing construction costs and decreasing gas tax revenue caused by volatile oil prices, which made gas prices spike, the Washington State Department of Transportation continues to recalibrate budgets and timelines for a number of projects.

Goals

- » Support and improve transportation system safety.
- » Reduce preventable loss of life, injury or property.
- » Maintain and preserve investments in transportation systems.
- » Improve the predictable movement of people and goods.
- » Provide modal choices.
- » Provide accountability.

What We Invest In

Transportation system maintenance and preservation

We continue to reduce the maintenance backlog by focusing on high-priority maintenance needs such as traffic signals, bridges, regulatory signs, intelligent transportation systems, pavement patching and repair, cable guardrail, pavement markers and culverts (*\$359.0 million multiple fund sources*). Preservation of the transportation infrastructure is also a high priority, with 314 asphalt and concrete pavement projects (*\$393.0 million multiple fund sources*) and 169 bridge preservation projects (*\$233.0 million multiple fund sources*).

Congestion relief

Washington continues to address congestion through a number of activities, including:

- **Making the transportation system operate more efficiently** through installation of ramp meters on Interstate 5 to increase vehicle throughput, improvements to the reversible lanes on I-5 and I-90, and real-time traffic management. *(\$54.0 million multiple fund sources)*
- **Managing demand** through the purchase of approximately 460 vans to expand vanpooling, increase in park and ride lot capacity by about 1,000 spaces and assistance to local governments and employers to reduce the number of commute trips each weekday morning. *(\$70.0 million multiple fund sources)*
- **Adding capacity** strategically through capital improvement projects, such as those listed later in this section. *(\$1.0 billion multiple fund sources)*

Improving pedestrian safety and safe routes to schools

The state provides grant funds for 102 projects to improve pedestrian and bicycle safety, provide students with safe routes to schools, and reduce the nearly 400 fatal and injury collisions involving pedestrians and bicyclists that occur each year in Washington. *(\$19.3 million multiple fund sources)*

Using audit recommendations

By centralizing human resource services, the number of employees is reduced with no loss of program quality or responsiveness. This saves an estimated \$935,000 over the next three biennia.

(Puget Sound Ferry Operations Account-State)

Ferries

The Washington State Department of Transportation has accepted a bid for the construction of a new 64-car vessel to serve the Port Townsend-Keystone run. Until it is launched in summer 2010, service is provided by a ferry on loan from Pierce County. The Ferries Division is developing a long-range plan to guide services and investments through 2030. The draft plan is scheduled to be released in December 2008, and will be followed by 10 public hearings in ferry-served communities. A final plan is due January 30, 2009.

Alaskan Way Viaduct and related projects

The Alaskan Way Viaduct could be subject to damage in the event of an earthquake, and its failure could cause injury or loss of life. This aging structure is of enormous economic importance to both the region and to the country as it provides access to Seattle's preeminent port. A partnership among the state of Washington, city of Seattle and King County has reviewed options for the replacement of the center section of the Viaduct. A final decision will be made by the end of 2008.

(\$2.8 billion total estimated project cost, from multiple fund sources; to date, more than \$1.0 billion has been spent or committed)

- **State Route 99/South Holgate Street to South King Street - Viaduct replacement**

This project replaces a portion of the existing Alaskan Way Viaduct and will improve earthquake resistance and maintain or improve the mobility for people and goods. Work includes a new interchange in the vicinity of Royal Brougham Way and a railway grade separation structure at South Atlantic Street. Also included are improvements to local bike/pedestrian facilities, signage, illumination, drainage and utilities. *(\$549.0 million total estimated project cost, multiple fund sources)*

- **SR 519/Interstate 90 to SR 99 intermodal access project – interchange improvements**

SR 519 is an important thoroughfare for cars, freight and pedestrians in Seattle's Sodo (south of downtown) district that connects I-90 and I-5 with the Port of Seattle and Colman Ferry Dock. A railroad crossing here causes congestion. This project calls for additional improvements to reduce pedestrian, car and truck congestion as well as increase safety and freight mobility.

(\$85.0 million total estimated project cost, multiple fund sources)

State Route 520 bridge

This year, Governor Gregoire reduced by four years the time it was estimated it would take to replace the economically vital State Route 520 bridge that links Seattle and the thriving east side of Lake Washington. At her urging, the Washington State Department of Transportation has designed a way to build a new bridge by fall 2014. The full SR 520 corridor improvements will be complete by 2016. To help accomplish the accelerated construction timeline, a Tacoma facility will jump-start the building of smaller pontoons in 2009. In 2010, a new facility in Grays Harbor will be operating, and by 2011, building the larger pontoons for the new bridge. *(\$239.0 million has been provided in 2009–11; total estimated cost at least \$3.8 billion)*

I-90/Snoqualmie Pass East – Hyak to Keechelus Dam - corridor improvements

This project will increase capacity by adding lanes to I-90 east of Snoqualmie Pass to reduce congestion. It will also improve safety by replacing concrete pavement that is past due for replacement, including some sections that are at least 75 years old. A new snowshed will reduce delays associated with avalanches. *(\$595.0 million total estimated project cost, multiple fund sources)*

U.S. 395/North Spokane Corridor – U.S. 2 to Wandermere and U.S. 2 lowering - new alignment

U.S. 2 will be lowered from the vicinity of Farwell Road to Deadman Creek to accommodate the North Spokane Corridor interchange with U.S. 2. This will include the realignment of Shady Slope Road and construction of eight bridges. This segment is part of a larger Corridor program estimated to cost in the range of \$3.0 billion. *(\$151.0 million total estimated project cost, multiple fund sources)*

SR 500/St. Johns Boulevard - build interchange

The intersection at SR 500 and St. Johns Boulevard in Vancouver has been identified as a high collision location. Removing the intersection and replacing it with an interchange will reduce the number of collisions. *(\$52.0 million total estimated project cost, multiple fund sources)*

I-5/SR 16 Interchange - rebuild interchange

This Tacoma-area project to reconstruct the interchanges at I-5 and SR 16 will boost motorist safety and relieve congestion. The project includes replacing the bridges over Nalley Valley, constructing freeway connections, reconstructing all of the ramp roadways and structures, and preparing for HOV lanes on I-5 and SR 16. *(\$313.0 million total estimated project cost, multiple fund sources)*

How We Achieve Savings

Redirection of regional mobility grants to other commute reduction activities.

(\$30.0 million Multimodal Account)

Redirection of Trip Reduction Performance Program funding to other commute reduction activities.

(\$1.5 million Multimodal Account)

Elimination of the Sidney-San Juans ferry route by the end of September 2009.

(\$9.2 million Puget Sound Ferry Operations Account)

Reduction of ferry service on the Pt. Defiance-Tahlequah runs by switching from a 48-auto passenger vessel to a 34-auto passenger vessel. *(\$1.3 million Puget Sound Ferry Operations Account)*

Capital Construction & Local Assistance

Washington's economic recovery depends upon protecting and growing construction jobs, training unemployed and dislocated workers, and helping businesses weather the economic storm. In the longer term, it is equally important to focus on the fundamentals that contribute to a robust economy: roads and ports to get our products to market and workers to work, a globally competitive work force, a culture that encourages entrepreneurship, and an environmental legacy that makes Washington a special place to live and do business.

To immediately help Washington families, the Governor pressed agencies to release \$300 million in federal funds for distressed fishing communities. She also sought early disbursement of \$130 million to help less-fortunate Washington families with home heating costs. The Governor has called on Congress to pass a second economic recovery package to get the country's economy moving again. She is playing a pivotal role in identifying construction-ready public works projects in the state for this purpose. Governor Gregoire is working with business, labor and community leaders on creative options for the state to take to bolster economic recovery for release in January 2009. To help jump-start Washington's economy, Governor Gregoire is proposing a \$3.8 billion capital budget.

These essential investments will both put people to work and create facilities and infrastructure to put Washington on the road to long-term economic prosperity. Investments will be made in higher education, natural resources, general government, human services and housing, K-12 education and other community projects.

Goals

- » Give students room to learn.
- » Protect and improve our communities.
- » Protect our environment.
- » Promote economic prosperity.

What We invest In

K-12 and higher education

The state funds all K-12 projects needed to match local funds. We provide space for students to learn and maintenance for current facilities at public colleges and universities across the state. *(\$1.20 billion capital)*

Natural resources

Funds are provided to support environmental cleanup and pollution, protect fish and wildlife and support state parks. *(\$780.0 million capital)*

Local governments and organizations grants

Grants are used by local governments and organizations for community projects such as sewer and water systems and youth recreation facilities. *(\$688.0 million capital)*

Human services

Funds are provided for services to the public to ensure public safety by incarcerating offenders. *(\$197.0 million capital)*

Housing and community projects

Grants to local communities help with the construction of critical local projects that improve the quality of life of residents across the state. *(\$116.0 million capital)*